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Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 ABF-01 ST-01 EB-11 TRSE-00 OMB-01

CAB-09 CIAE-00 COME-00 DODE-00 INR-10 NSAE-00 RSC-01

FAA-00 L-03 DRC-01 /051 W
---------- 063745
R 241203Z OCT 73
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 7522

C O N F I D E N T I A L NEW DELHI 12347

E.O. 11652:N/A
TAGS: EFIN, ETRN, IN
SUBJECT: CIVAIR: PANAM REMITTANCES

REF: STATE 204389

1. IN ANTICIPATION OF PERKINS/WOODFIELD VISIT, EMBOFF HAD LENGTHY SESSION WITH PAN AM REGIONAL MANAGER REPPUN. DISCUSSION DEALT CHIEFLY WITH CHARCTER AND RELATIVE IMPORTANCE OF NUMEROUS GROUNDS ON WHICH RBI REJECTS 25050 PERCENT BY VALUE OF MONTHLY PANAM REMITTANCE APPLICATIONS, NECESSITATING RESUBMISSIONS WHICH ARE TIME CONSUMING AND WHICH TIE UP PANAM FUNDS.

2. EXCHANGE REVEALED THAT PERKINS WASHINGTON PRESENTATION (PARA 2 REFTEL) APPARENTLY BASED ON OUTDATED INFORMATION OVERTAKEN BY EVENTS. REPPUN HAS NO PROBLEM WITH EMBASSY HANDLING OF RUPEE-DENOMINATED GTR'S, EXCEPT TO NOTE THAT PANAM PROCEDURES REQUIRING THAT GTR ISSUED IN DELHI BE SENT TO NEW YORK AND THEN RETURNED TO DELHI FOR PAYMENT INVOLVES DELAY AND CON-COMITANT TIE-UP OF PANAM FUNDS. DUMMY "P" FORM SYSTEM HAS BEEN WORKING WELL SINCE LAST YEAR AND CREATES NO PARTICULAR DIFFICULTY FOR EMBASSY OR AIRLINE.

3. GUTS OF PANAM'S PROBLEM IS SEEMINGLY ENDLESS, CAPRICIOUS, AND POSSIBLY MALICIOUS DEMANDS OF RBI FOR ADDITIONS OR CORRECTIONS TO DOCUMENTATION SUBMITTED MONTHLY TO RBI IN SUPPORT OF REMITTANCE
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APPLICATIONS. WHILE MOST OF APPLICATIONS ULTIMATELY APPROVED

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AFTER AFFIXING ADDITIONAL RUBBER STAMP OR POINTING OUT TO RBI PROVISIONS OF ITS OWN REGULATIONS, EFFECT IS TO FREEZE PANAM CAPITAL IN BLOCKED RUPEE ACCOUNT WHILE DOCUMENTS MOVE SLOWLY THROUGH VENAL AND INEFFICIANET RBI BUREAUCRACY.

4. FOLLOWING RECENT APPROACH ON PANAM REMITTANCE PROBLEM BY ECON COUNSELOR TO MINISTRY OF FINANCE (JOINT SECRETARY KRISH-NASWAMI), LATTER INFORMED EMBAFIY THAT RBI HAS BEEN DIRECTED TO CUT PROCESSING TIME OF REMITTANCE APPLICATIONS FROM PRESENT TWO-PLUS MONTHS TO 30 DAYS. WHILE AN IMPORTANT STEP FORWARD, THIS DOES NOT ADDRESS QUESTION OF HIGH LEVEL OF REJECTIONS ON TRIVIAL OR ILLOGICAL GROUNDS. EMBASSY PLANS TO USE PERKINS/ WOODFIELD VISIT AS OCCASION TO HIT GOI HARD ON LATTER ISSUE.

5. ANOTHER PROBLEM FOR ALL FOREIGN CARRIERS IN INDIA HAS JUST SURFACED. COLLECTOR OF CUSTOMS HAS UNDERTAKEN REVIEW OF COLLEC-TIONS OF FOREIGN TRAVEL TAX. REVIEW THUS FAR OF FIRST THREE MONTHS OF OPERATION OF TAX LAW (OCTOBER-DECEMBER 1971) HAS RESULTED IN "SHOW CAUSE NOTICE" TO PANAM DEMANDING PAYMENT OF RS. 54.129 (DOLS 7200) IN TRAVEL TAX DUE ON 141 TICKETS ISSUED IN PRIOR CITED. NEEDLESS TO SAY, DIFFICULTIES INHERENT IN REVIEW OF TRAVEL TAX LIABILITY ON 141 LONG-FORGOTTEN AIR TICKETS ARE LEGION. AMONG PROBLEMS WHICH HAVE ALREADY SURFACED ARE COLLECTOR OF CUSTOMS IGNORANCE OF MECHANICS OF CREDIT CARD SALES, DISPUTE OVER TAX LIABILITY OF DIPLOMATS, DISPUTE OVER COMPUTATION OF TAX ON EXCURSION FARES, AND DISPUTE OVER FARE CALCULATIONS. EMBASSY PLANS TO FOLLOW ISSUE CLOSELY AND RENDER ALL POSSIBLE ASSISTANCE.
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